

# The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

December 2016

## Mill Price Increase Announcement

Effective with shipments January 1, 2017, **ATI Flat Rolled Products** is increasing the net transaction price on all 200, 300 series and ATI 430™ cold rolled sheet by reducing functional discounts by 2%. ATI is increasing the net transaction price on all Stainless Plate Mill Plate series by \$0.03/lb. **North American Stainless** will increase the prices for all Cold Rolled grades in 200 series, 300 series, and type 430 by approximately 5 to 7%. NAS will increase the base price of Discrete plate by \$.03/lb. **AK Steel** will increase base prices for all of its stainless products. For commodity sheet & strip, specialty sheet & strip, and pipe & tube sheet & strip products, the increase will be achieved by a reduction in the functional discount of 2%. For all remaining stainless steel products, base prices will be increased by \$40 per ton.

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## Metal Center News to Honor Craft O'Neal

It's time to declare a winner. Metal Center News has chosen Craft O'Neal as its 2016 Service Center Executive of the Year. The chairman and CEO of O'Neal Industries, Birmingham, Ala., becomes the 20th recipient of the distinguished award.

With the selection, O'Neal becomes the first company to be recognized twice by MCN. However, the enterprise Craft O'Neal presides over today is significantly different than the one managed by Bill Jones when he earned the honor in 2005. Jones was president and CEO of O'Neal Steel, which he helped to guide through three decades of continuous expansion. Craft O'Neal and his management team have taken that growth to new levels, structuring the company into two groups—Industrial Metals and High-Performance metals—and venturing still further into value-added processing, and even manufacturing. MCN ranks O'Neal Industries seventh among North America's Top 50 Service Centers with \$2.4 billion in annual revenues. Also impressive is Craft O'Neal's stewardship of his family's legacy. Under his leadership, as the third generation to guide the company, O'Neal has maintained its position as the largest family-owned service center company based in the United States.

To learn more about what makes O'Neal Industries successful, see the extensive profile of Craft O'Neal and his company in the December issue of Metal Center News. United Performance Metals is an O'Neal Industries affiliate company. To read more about our history, visit our website at [www.upmet.com](http://www.upmet.com)

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## Steel Deal maker Ross Lands Top Commerce Spot

President-elect Donald Trump will nominate steel industry veteran Wilbur Ross to be Commerce secretary, according to media reports. Trump's transition team earlier this month said the financier was interested in "negotiating the best foreign deals, American manufacturing and job creation". Ross, who founded private equity firm WL Ross & Co. LLC, has been involved in the restructuring of more than \$200 billion of defaulted companies' assets around the world.

"We did coal, we did textiles and now we're doing auto parts. ... My wife accuses me of trying to reinvent the 19th Century. In some ways, she is probably correct," Ross said in a 2007 interview with AMM. On the steel front, Ross formed International Steel Group Inc. (ISG) in 2002 by consolidating former steel behemoths LTV Steel Corp. and Bethlehem Steel Corp. as well as Weirton Steel Corp., Acme Steel Inc., and Georgetown Steel Corp. in addition to the plate operations of U.S. Steel Corp. ISG was purchased in 2004 for more than \$4 billion by what is now the world's largest steelmaker, Luxembourg-based ArcelorMittal SA.

In the process of creating ISG, Ross invested \$90 million in cash and assumed \$235 million in liabilities to take ownership of the Cleveland steel mills and other so-called Rust Belt assets of bankrupt LTV alone, prompting a 2003 Business Week cover that asked in bold letters, "Is Wilbur Ross Crazy?" "We felt product prices globally had gotten below the cost of producing steel, so either everybody was going to go out of business or something was going to change," Ross said in the 2007 interview. The deal was also premised on a new agreement with the United Steelworkers union, an effort in which Ross said he found a partner with United Steelworker (USW) union president Leo Gerard.

The merger was in addition shaped by the idea that globalization was "the most powerful economic force in the world," Ross said at the time. "Globalization will inevitably lead to the consolidation of basic industries because to be global you have to be big," he said, noting that steel consumers were also highly consolidated. Ross stressed that another key to the deal's success was convincing the administration of former president George W. Bush to grant the steel industry tariff protection to give the sector time to re-organize. The Trump administration has also said it will aggressively pursue trade actions, particularly versus China. The president-elect has also said he would consider applying tariffs on Chinese goods under Sections 201 and 301 of the Trade Act of 1974, and under Section 232 of the Trade Expansion Act of 1962—measures former president Ronald Reagan used in the 1980s to place a 45% tariff on Japanese motorcycles and 100% tariff on imported semiconductors.

Trump also aims to scrap or renegotiate trade deals such as the Trans-Pacific Partnership and the North American Free Trade Agreement. The steel industry appears poised to play a major role in Trump's administration. Trump's "landing team" for the Office of the U.S. Trade Representative includes Dan DiMicco, former chief executive officer of Charlotte, N.C.-based Nucor Corp., as well as Robert Lighthizer, a veteran trade attorney with years of experience working on behalf of Pittsburgh-based U.S. Steel Corp. *Source: AMM, 11.30.16*

## Manufacturing Activity Grew More Rapidly in November

Manufacturing activity grew more rapidly in November as both new orders and production picked up, but employment fell in a sign the sector continues to shed jobs. An index of factory activity rose to 53.2 from 51.9 in October, the Institute for Supply Management said Thursday. A measure above 50 means the sector is expanding; below signifies contraction. Economists expected a smaller increase to 52.3.

Manufacturers have struggled amid an oil industry slump, as well as weak exports tied to a listless global economy and strong dollar that makes U.S. products more expensive abroad. Rising oil prices have bolstered energy investment recently. But the greenback has strengthened in recent months after stabilizing earlier this year, raising the prospect of renewed woes for factories.

In November, the production index increased to 56 from 54.6. And a measure of new orders, a gauge of future output, rose to 53 from 52.1. But the employment index fell to 52.3 from 52.9, possibly foreshadowing continued factory job losses in the government's payroll report on Friday.

Of 18 sectors, 11 have reported growth, including pewter and electronics, paper products, chemicals, fabricated metals plastics, and machinery. Those contracting included apparel, wood products, electrical equipment, appliances and furniture. *Source USA Today 12.01.16*





**Stainless Steel & Cobalt Alloy Surcharge Totals**  
**September 2016—December 2016**  
**High Temp Surcharge Totals**  
**September 2016—February 2017**

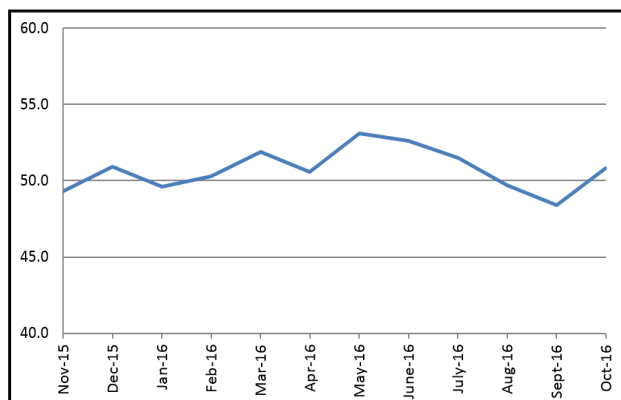
Grades	Sept	Oct	Nov	Dec	Jan	Feb
15-5	0.3261	0.3019	0.3311	0.3555	*	*
15-7	0.4546	0.4260	0.4509	0.4692	*	*
17-4	0.3194	0.2963	0.3271	0.3511	*	*
17-7	0.3954	0.3625	0.4047	0.4313	*	*
18SR	0.1613	0.1492	0.1258	0.1880	*	*
201	0.3033	0.2802	0.3151	0.3415	*	*
301 7.0%	0.3941	0.3618	0.3550	0.4318	*	*
302/304/304L	0.4298	0.3948	0.4418	0.4698	*	*
304-8.5%	0.4462	0.4097	0.4580	0.4869	*	*
305	0.5641	0.5174	0.5751	0.6106	*	*
309	0.5863	0.5399	0.6056	0.6406	*	*
310	0.8283	0.7618	0.8485	0.8967	*	*
316/316L	0.5819	0.5433	0.5811	0.6058	*	*
317L	0.6769	0.6369	0.6768	0.6996	*	*
321	0.4561	0.4180	0.4652	0.4952	*	*
347	0.7238	0.6859	0.7331	0.7630	*	*
409/409 Mod	0.1216	0.1091	0.1209	0.1345	*	*
410/410S	0.1265	0.1140	0.1274	0.1410	*	*
430	0.1551	0.1429	0.1667	0.1795	*	*
434	0.1923	0.1810	0.2013	0.2114	*	*
439	0.1612	0.1491	0.1753	0.1879	*	*
440A	0.1551	0.1429	0.1667	0.1795	*	*
2205	0.5152	0.4923	0.5282	0.5402	*	*
2507	0.5514	0.5260	0.5665	0.4407	*	*
20	1.0590	1.1075	1.3205	1.3530	1.3031	1.3511
263	2.3413	2.4288	2.7917	3.1369	3.1170	3.2744
276	2.8598	3.0021	3.1985	3.3612	3.2250	3.2347
A286	0.6633	0.6972	0.8561	0.8755	0.8384	0.8700
330	0.7911	0.8330	1.0823	1.0995	1.0591	1.1096
400	1.3692	1.4349	1.9275	1.9475	1.8828	1.9130
600	1.5595	1.6478	2.1701	2.2097	2.1406	2.2060
601	1.4036	1.4756	1.9025	1.9345	1.8746	1.9525
617	1.8141	1.9232	2.2710	2.5142	2.4488	2.5450
625	3.4778	3.5873	3.8913	3.9934	3.8960	3.9472
718	3.6004	3.6760	3.9944	4.0475	3.9805	4.0368
X-750	2.1333	2.2191	2.7267	2.7652	2.6977	2.7641
800H/HT	0.7616	0.7980	1.0143	1.0288	0.9911	1.0465
825	1.1748	1.2349	1.4678	1.5129	1.4547	1.5060
HX	1.7134	1.8080	2.0268	2.1285	2.0415	2.0852
188	4.6700	4.6200	4.8100	*	*	*
L-605	5.3800	5.3600	5.5800	*	*	*

\*Surcharge currently not available

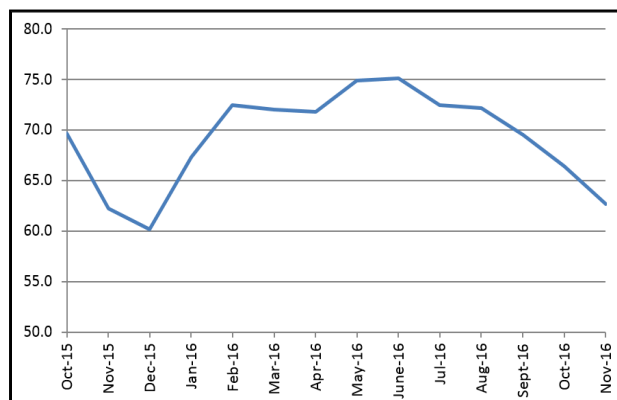
## Expected Mill Lead Times for November 2016

Stainless Cold Rolled—8-10 weeks    Nickel Plate—10-12 weeks    Stainless Plate—6-8 weeks  
 Nickel Cold Rolled 625—10-12 weeks    Nickel Cold Rolled 718—12-14 weeks    Aluminum— 8 weeks  
 Nickel Cold Rolled HX/800—12-14 weeks

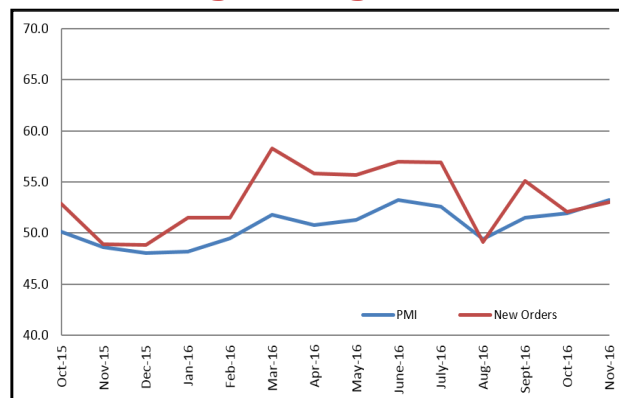
## Architectural Billings Index



## Steel Capacity Utilization



## Purchasing Managers Index®



## Titanium Surcharge Update

Titanium Alloy	Standard Surcharge Q4, 2016		
	Bar	Billet	Flat
ATI 6-2-4-2 Alloy	\$5.00	\$4.55	\$5.00
ATI 6-4 Alloy	\$3.91	\$3.56	\$3.91
ATI 6-4 ELI Alloy	\$3.91	\$3.56	\$3.91
ATI CP Grade 1	\$4.09	\$3.72	\$4.09
ATI CP Grade 2	\$2.89	\$2.63	\$2.89
ATI CP Grade 4	\$2.89	\$2.63	\$2.89

## Auto Sales Drive to Record High in November

U.S. auto sales last month increased 3.7 percent from a year ago to 1.38 million — shattering a record for the month that was set in November 2001. The sales were aided by two extra selling days from a year ago and fueled by Black Friday promotions and while there was concern about shaken consumer confidence after Donald Trump was elected president earlier in the month, car buyers apparently did not hold back.

Bob Carter, senior vice president of operations for Toyota Motor Sales U.S.A. told journalists in Detroit that questions about a short-term impact on consumer confidence after the contentious election appeared to be answered by strong November results for Toyota and others in the industry. He expects December will also be a good month, though it may fall just a bit from a year ago. "We're very optimistic of what the economy is going to provide the auto industry over the next 24 or 36 months," he said.

Analysts and auto executives say the month was strong: competition for buyers was aggressive, incentives were up and there was plenty of stock on new-car lots. SUVs and trucks remained hot sellers, as consumer interest in cars continues to wane. *Source: The Detroit News*